

equipment, sewage disposal plant, a building for convalescents and a ward for subnormal children.

An item of \$249,104 covering preliminary costs, engineering, legal, administrative, and miscellaneous expenses, and interest during construction will be spread among all three projects.

The new construction means, Doctor Geiger explained, that for the first time the health department will be able to centralize different types of patients each in one institution, with considerable savings resulting.

Chronic Disease

Chronic disease cases will be moved out of San Francisco Hospital to Laguna Honda Home. Tuberculous patients will be transferred from the same institution to Hassler Health Farm. As a result San Francisco Hospital will become the first time devoted solely to acute medical and surgical cases, fed to it by the emergency hospitals, Doctor Geiger said.—San Francisco *Examiner*, October 8.

* * *

State's Blind Get \$192,481

Sacramento, Oct. 19.—(INS)—The Social Security Board in Washington today approved an allocation of \$192,481 to go to 5,682 sightless in California receiving state aid in November and December, it was announced by Mrs. Florence L. Turner, state director of social welfare.

Mrs. Turner said the average payment would be \$47.86 per month.—San Francisco *Call-Bulletin*, October 19.

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Medical Insurance Plan Urged by Cleveland Doctors

Cleveland, Sept. 9.—(AP)—Directors of Cleveland's Academy of Medicine stepped into the middle of "socialized medicine" discussion today with a plan through which employed persons could pay \$7 to \$9 a year to insure themselves against a maximum of \$126 in doctors' bills incurred in the course of hospitalization.

The directors said they would submit the proposal to the academy's membership—a majority of Cleveland's physicians and surgeons—as soon as details are decided.

Plan Restricted

The plan, designed solely to cover serious accidents or illnesses, would benefit only those patients sent to hospitals. It also would be restricted to members of the Cleveland Hospital Service Association. This organization, the academy said, "now has more than 100,000 subscribers to whom twenty-one days of hospital service is furnished in any one year for a prepayment of \$7.20 to \$9 annually" under a program described as "ethical and actuarially and socially sound."

The academy's proposal would provide, for matching fees, similar medical service benefits—payment at \$6 a day for a maximum of twenty-one days. Total fees thus would run around \$15 to \$18 a year, and potential benefits \$252.

Deducted from Pay

The Hospital Service Association serves principally persons with incomes from \$1,000 to \$2,600 a year, those upon whom it considers the burdens of illness fall heaviest. Employers deduct its fees from the pay of participating employees, and forward them to the association. For additional fees a member may obtain benefits for his family—even including obstetrical care after the one year's membership.

Dr. Milton B. Cohen, chairman of the committee which drafted the medical service project, said:

"It is our hope that, if practical in Cleveland, this plan will point the way for a national attack upon the problem of meeting the burden of catastrophic illness."—Los Angeles *Times*, September 10.

* * *

Health Plan Forecast

Denver, Sept. 8.—(AP).—The medical profession will be able to create a satisfactory plan to provide adequate medical care for low-income groups, in the opinion of Dr. Irvin Abell of Louisville, Kentucky, President of the American Medical Association.

Proposals advanced by the recent National Health Conference will be brought before a special session of the Medical Association's House of Delegates Friday in Chicago, Doctor Abell said in an interview here last night. He predicted the delegates would remain in session until they evolve a plan that may be submitted to Congress.

He said the medical profession had no objection to three proposals adopted by the National Health Conference in Washington:

An annual federal appropriation for preventive medicine, the spending of federal money for constructing and enlarg-

ing hospitals, and the granting of federal money to states for medical care of the indigent.

He declared unworkable and "dangerous to the high standards of the medical profession" proposals to establish a system of sickness compensation for workers and to set up accounts, similar to social security accounts, to pay for medical care.—New York *Sun*, September 8.

LETTERS

Subject: Scholarships in Rome.

TREASURY DEPARTMENT
UNITED STATES PUBLIC HEALTH SERVICE
WASHINGTON

September 24, 1938.

To the Editor:—The Carlo Forlanini Institute in Rome, which specializes in lung diseases and tuberculosis, organizes, yearly, postgraduate courses for physicians. These courses are held every year from January 15 to April 15. The program for the next course is as follows:

Pathogenesis of tuberculosis—The doctrine of respiratory trauma.

The biologic factors in the local reaction of pulmonary tuberculosis.

The various clinical forms of pulmonary tuberculosis.

Histology and general histogenesis of pulmonary tuberculosis.

Pathological anatomy of the various forms of pulmonary tuberculosis.

The collapse therapy (pneumothoracic) technique—indications—mechanism of action.

The pleural complications—treatment.

The surgical collapse therapy with particular reference to the methods of the School.

The principal forms of extrapulmonary tuberculosis.

Tuberculosis and pregnancy.

Tuberculosis in infancy.

Tuberculosis in upper air passages.

Tuberculosis of bones and articulations.

Hygiene and tuberculosis.

The fight against tuberculosis in Italy.

The Italian ambassador at Washington has offered two scholarships to American physicians selected by the Public Health Service. The physicians chosen will be exempt from registration and tuition fees, and will be granted a 50 per cent discount for travel on Italian state railroads.

The candidates should be graduates for at least three years, having practiced in a sanatoria or in medical or scientific institutions specializing in tuberculosis and lung affections.

I am wondering whether you would have a news item of these courses included in the next issue of your journal, with the notation that any physicians interested should apply directly to the Surgeon General of the Public Health Service, Washington, D. C.

Respectfully,

ROBERT OLESEN,
Acting Surgeon General.

Subject: Concerning nurses.

AMERICAN NURSES' ASSOCIATION

September 29, 1938.

To the Editor:—"What kind of nurse, Doctor," and "Where can I get her?" are questions frequently asked the physician who has just told the responsible member of a family that a nurse is needed to care for the patient.

Doctors invariably want safe nursing care for their patients. Service counts.

To help busy physicians answer questions about nursing care, the Nursing Information Bureau of the American

Nurses' Association has prepared two folders, called "Wanted, a Real Nurse, an R.N." and "Safe Nursing Care and Where to Ask for It." Copies of them are enclosed. They discuss briefly the significance of the term "Registered Nurse" and suggest how to secure the type of nursing service which may be needed.

Physicians may secure copies of the folders from the Nursing Information Bureau, 50 West Fiftieth Street, New York City. We would be glad to have you advise them of this offer through your magazine.

Sincerely yours,
MARY M. ROBERTS,
Director, Nursing Information Bureau.

Subject: Letter of appreciation for health lectures.

THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION
SAN FRANCISCO

October 17, 1938.

George H. Kress, M. D.,
Secretary, California Medical Association.

My dear Doctor Kress:

I wish to express our appreciation for your coöperation in setting up our series of health lectures for this fall. The list of speakers and their subjects is very satisfactory. It is always amazing to me that such busy and important doctors can give their time to help us with our community health education projects.

We do want to thank you for arranging it for us. If at any time we can aid you in any way, please know we will be only too happy to do so.

620 Sutter Street.

Sincerely yours,
DORIS McFARLAND,
*Associate Director, Health and
Recreation Department.*

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The subjects and names of speakers follow:

October 13—Cosmetic and Facial Blemishes, Laurence Taussig.

October 20—Eyes, George N. Hosford.

October 27—Medical Examinations, Donald Carson.

November 3—Menstruation and Its Disorders, Harold G. Watson.

November 10—Cancer, Ludwig Emge.

November 17—Venereal Diseases, E. K. Stratton.

Subject: Legal status of physicians under the Workmen's Compensation Act of California.*

San Francisco, October 18, 1938.

George H. Kress, M. D.,
Secretary, California Medical Association,
450 Sutter Street,
San Francisco, California.

Re: Pacific Employers' Insurance Company vs. Industrial Accident Commission and Kenneth Tator.

Dear Doctor:

The above-entitled action, which was decided several months ago by the California Supreme Court in favor of the injured employee, Tator, and Drs. J. Scott Quigley, Ergo A. Majors, and N. Austin Cary, and against the Compensation Insurance Company involved, has been appealed to the United States Supreme Court. Yesterday,

October 17, the Supreme Court of the United States granted a writ of certiorari, which means that it will hear the case later this fall.

I am this day informing the doctors concerned regarding the action of the United States Supreme Court.

111 Sutter Street.

Very truly yours,
HARTLEY F. PEART.

MEDICAL JURISPRUDENCE†

By HARTLEY F. PEART, ESQ.
San Francisco

Corporate Practice of Medicine: A Discussion of the Recent Decision of the California Supreme Court Denying to Capital Stock Corporations the Right to Control or Select Physicians

In December, 1935, the District Court of Appeal for the First Appellate District, decided in *Pacific Employers Ins. Co. vs. Carpenter*, 10 Cal. App. (2d) 592, that an insurance company could not lawfully issue a medical and surgical insurance policy under the terms of which the insurance company would furnish to its policyholders medical and surgical services through certain designated physicians. The District Court of Appeal held that neither a corporation nor any other unlicensed person may engage directly or indirectly in the practice of medicine and from this premise reasoned that it was likewise contrary to the law for an insurance company to undertake to furnish to its policyholders the professional services of physicians and surgeons designated, selected or employed by it.

A few months later the District Court of Appeal for the second Appellate District, in *Benjamin Franklin Life Assurance Co. vs. Mitchell*, 14 Cal. App. (2d) 654, also held that an insurance company could not lawfully issue a policy of insurance under which medical services would be rendered to policyholders through physicians in effect selected by the company. In this case the insurance policy proposed to be issued apparently provided for freedom of choice of physician by the policyholder, but at the same time policyholders were required to execute a proxy to a committee of company officers under the terms of which the committee selected the physician to render services.

After the foregoing decisions of the District Court of Appeal, it was generally considered by legal writers (Notes, 25 Cal. Law Rev. 91; 10 So. Cal. Law Rev. 329; 30 Ill. Law Rev. 533), that in California, at least, it was firmly settled that a private corporation could not engage in the practice of medicine. It was further generally assumed that it was also the law that a corporation or any other unlicensed person which attempted to designate or select a physician and surgeon to whom patients must go in order to receive the benefits of a contract, was in effect practicing medicine and surgery in violation of the rule forbidding corporate practice.

However, at least one corporation organized for profit and engaging in the business of selling membership certificates entitling the holder to medical and surgical services only from physicians selected by the corporation, evidently felt that the last judicial word had not been said on the subject. The corporation mentioned, *i. e.*, Pacific Health Corporation, continued to issue membership certificates and to furnish medical services through designated or selected physicians. Thereupon, the Attorney-General's office, acting on the relation of the Board of Medical Examiners,

* Under this caption this subject was discussed in the Medical Jurisprudence department of CALIFORNIA AND WESTERN MEDICINE, in its issue of March, 1938, on pages 215 and 216.

† Editor's Note.—This department of CALIFORNIA AND WESTERN MEDICINE, presenting copy submitted by Hartley F. Peart, Esq., will contain excerpts from and syllabi of recent decisions and analyses of legal points and procedures of interest to the profession.